
Easter Seals El Mirador

Clinical Narrative

IT Narrative

Enterprise Narrative



EASTER SEALS EL MIRADOR BEHAVIORAL HEALTH PROVIDER AUDIT

Case File Audit

| | |
|---|---------------------------------------|
| Dates of Onsite Review | March 13 – 20, 2013 |
| Main Point of Contact at Facility | Patsy Romero, Chief Operating Officer |
| Extrapolated Date of Service Overpayments | \$772,016 |
| Actual Longitudinal Overpayments | \$78,854 |
| Total Overpayments | \$850,870 |

Scorecard results are as follows:

| Random Sample Compliance Rate | Longitudinal Compliance Rate |
|-------------------------------|------------------------------|
| 87% | 72% |



This scorecard result translates to the following Risk Tier:

| | |
|---|---|
| <p>2 Significant volume of findings that include missing documents</p> | <ul style="list-style-type: none"> • Provide trainings and clinical assistance as needed. • Potentially embed clinical management to improve processes. |
|---|---|



Provider Overview

Santa Maria El Mirador provides behavioral health services in Alcalde and Santa Fe, New Mexico. Within these locations, Santa Maria El Mirador delivers behavioral health services including community living services, supported employment, meaningful day activities services, training institutes, greenhouse and camp and recreation services. PCG was tasked with reviewing several of these programs for compliance with New Mexico regulations.

| Payer | \$ Claims Paid FY12 | \$ Claims Paid Audit Period |
|--------------------|---------------------|-----------------------------|
| BHSD | 0 | 0 |
| CYFD | 33,765 | 137,675 |
| Medicaid FFS | 311,665 | 1,802,419 |
| Medicaid MCO | 3,304,250 | 12,345,189 |
| NMCD | 0 | 0 |
| Other | 0 | 0 |
| Grand Total | 3,649,680 | 14,285,283 |

Audit Team Observations

- An entrance conference was held within the first hour of the team's arrival onsite. Chief Executive Officer Mark Johnson and Program Director Patsy Romero were offsite at the time of the entrance conference but would later introduce themselves to the team and inquire as to whether all requested documentation was being provided.
- Paper copies of progress notes were provided within hours of the conclusion of the entrance conference. Staff indicated that files would need to be gathered from multiple locations and that some would be delivered via shipment while others could be driven to Santa Fe from other locations.
- The team moved to Easter Seals' office location in Taos to conduct the bulk of the data collection processes since the majority of clinical and personnel files are stored at that location.

- Files were provided primarily in hard copy and PCG pulled the relevant documentation from the files. A number of files were provided electronically, having been scanned by Easter Seals staff.
- Clinical Reviewers noted the following general findings:
 - Comprehensive Clinical Assessments were not always provided to ~~determine/support~~ medical necessity for the billed service or the provided assessments were not up to date for the date of service under review.
 - Treatment plans were missing, not up to date, and/or not individualized per consumer.
 - Progress Notes/Recipient Documents were missing, incomplete, and insufficient of necessary information.

Random Date of Service Claim Review

PCG reviewed one hundred and fifty (150) random date of service claims for July 1, 2009 through January 31, 2013. Below is a table showing the relevant programs that were included in PCG's random audit sample and the resulting findings:

| Procedure Code | Program Description | # of Claims Reviewed | \$ Value Claims Reviewed | # Claims Failed | \$ Value Claims Failed | % Claims Failed |
|----------------|---|----------------------|--------------------------|-----------------|------------------------|-----------------|
| 90801 | Psychiatric Diagnostic Evaluation | 1 | 87 | | | 0.0% |
| 90806 | Outpatient—45-50 minutes | 4 | 268 | | | 0.0% |
| 90812 | Interactive Psychotherapy—45-50 minutes | 7 | 490 | 1 | 71 | 14.3% |
| 90814 | Interactive Therapy—75-80 minutes | 1 | 80 | | | 0.0% |
| 90834 | Outpatient—45 minutes | 1 | 68 | 1 | 68 | 100.0% |
| 90847 | Family Therapy | 7 | 543 | 1 | 78 | 14.3% |
| 90849 | Outpatient Psychotherapy Services | 1 | 24 | | | 0.0% |
| 90853 | Group Therapy | 4 | 124 | 4 | 124 | 100.0% |
| 90862 | Medication Management | 4 | 272 | 2 | 136 | 50.0% |



| | | | | | | |
|--------------------|------------------------------|------------|---------------|-----------|--------------|--------------|
| H2014 | Behavior Management Services | 99 | 14,953 | 10 | 1,327 | 10.1% |
| H2015 | HO, HN, HM—CCSS | 3 | 327 | 1 | 188 | 33.3% |
| S5145 | Treatment Foster Care | 18 | 2,853 | | | 0.0% |
| Grand Total | | 150 | 20,088 | 20 | 1,990 | 13.3% |

Specific Random Sample Review Findings

For each program reviewed, PCG identified the level of compliance and any specific areas of concern. Below is a table showing each of the non-compliant claims PCG validated, the reason(s) why the claim was found to be out of compliance, and the area(s) of concern PCG identified:



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| Proc Code | Recipient DOS | Assessment / Screening | Treatment Plan | Service Delivery | Psych / Progress Notes | Billing | Staffing | Consent Forms | Pharma | Other | Comments |
|-----------|------------------|------------------------|----------------|------------------|------------------------|---------|----------|---------------|--------|-------|---|
| H2014 | VL 06/30/2010 | Fail | Fail | NA | Pass | NA | Pass | NA | NA | NA | Psychosocial assessment invalid. No signature. Missing documentation: There is no treatment plan found for this client. |
| H2014 | CB 08/07/2010 | Fail | Pass | NA | Pass | NA | Pass | NA | NA | NA | Psychosocial Assessment dated 9/10/09 does not show risk of inpatient hospitalization, residential treatment or separation from family. No documented history of hospitalization or out-of-home placement. |
| H2014 | LD 07/09/2012 | Fail | Fail | NA | Pass | NA | Pass | NA | NA | NA | Documentation does not support risk of inpatient hospitalization, residential treatment, separation from family or hx of out of home placement. Initial treatment plan does not mention working with the family, treatment plan review in file is dated 7/17/12 and is not applicable to date of service. Generic, broad goals/interventions. |
| H2014 | LC 08/13/2012 | Fail | Fail | NA | Pass | NA | Pass | NA | NA | NA | Client is not at risk of out of home placement, document states she has always lived with her father and has a close relationship with her step mother, she is not at risk of being placed in a more restrictive environment. Missing documentation: Leann Martinez and Sally Warnick not on staff roster. |
| H2014 | BD 01/04/2011 | Fail | Fail | NA | Fail | NA | Fail | NA | NA | NA | Missing Document: Psychosocial assessment/ updates; treatment plan and updates. Billie Apodaca signed this note for 1/4/11—time from 8am to 3:15pm —This progress note for 1/4/11 BMS does not check off the Target Behaviors, interventions or Positive behaviors observed. H2014—Behavior Management Services(NMAC 8.322.3; LOC 745.2)—. |
| H2014 | AJ 01/25/2013 | Pass | Fail | NA | Pass | NA | Pass | NA | NA | NA | Treatment plan designed primarily around the client in the school environment. |
| H2014 | RS 07/21/2009 | Fail | Fail | NA | Fail | NA | Fail | NA | NA | NA | Missing Documentation- Psychosocial assessment and Treatment plan not found. Only documentation found for this client is a BMS Daily log BUT is dated 9/25/09 so nothing on file |

CONFIDENTIAL



| | | | | | | | | | | | for this DOS. |
|-----------|------------------|------------------------|----------------|------------------|------------------------|---------|----------|---------------|--------|-------|---|
| H2014 | DM 11/21/2011 | Pass | Pass | NA | Fail | NA | Fail | NA | NA | NA | Progress note indicates the time in is 12:00, time out is 12:30=2 units. The billing on this claim is for 24 units. Missing documentation- The BMS Provider April Unaccarato (Sp?) not on the staff list. |
| H2014 | AE 01/23/2012 | Pass | Pass | NA | Pass | NA | Fail | NA | NA | NA | Unable to locate a signature on this note. There is no signature at bottom of the document. |
| H2014 | CS 02/29/2012 | Pass | Pass | NA | Pass | NA | Fail | NA | NA | NA | BMS daily log not signed for this day-H2014-Behavior Management Services (NMAC 8.322.3; LOC 745.2). |
| H2015 | RF 05/10/2010 | Fail | Fail | Fail | Fail | NA | Pass | NA | NA | NA | Missing documentation- There is not a Psychosocial assessment prior to DOS. Review is dated 10-6-2010. Missing documentation- There is not a Psychosocial assessment prior to DOS. Review is dated 10-6-2010. No documentation about safety issues. Can not verify this, note was used as a transportation. |
| 90812 | AE 12/01/2011 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | Q19: H2014-Behavior Management Services(NMAC 8.322.3; LOC 745.2) and 90806-Outpatient-45-50 minutes-(NMAC 8.310.8) (90812) two services rendered on the same day at the same time. |
| Proc Code | Recipient DOS | Assessment / Screening | Treatment Plan | Service Delivery | Psych / Progress Notes | Billing | Staffing | Consent Forms | Pharma | Other | Comments |
| 90834 | LH 01/10/2013 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | Billing BMS and outpatient at the same time for the same day. Duplicate Billing. There are two services for this date 1/10/13 a BMS (per note from 8am to 12pm) and this outpatient from 11:15 to 12pm. Therefore the times do not match as it is indicated he was receiving BMS and at the same time receiving outpatient therapy. |
| 90847 | CJ 07/13/2010 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | This family therapy session from 1:30pm to 2:30pm signed by Sally Warmick, LISW and CCSS Progress note from 2:15 to 2:45pm on 7/13/10 signed by Pat Martinez (?) |



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|-------|------------------|------|------|------|------|------|------|------|------|------|---|
| 90853 | CE 01/16/2013 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | Goals unmeasurable, interventions not specific to the consumer. Treatment plan not individualized, interventions not specific to the consumer, no information about group therapy. 90853—Group Therapy—(NMAC 8.310.8) Q15: there is no documentation of group therapy as a part of the treatment plan-90853—Group Therapy—(NMAC 8.310.8)—Treatment plan indicates outpatient with Terri Richards, but no indication of group. |
| 90853 | FN 07/17/2009 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | Treatment plan did not relate to the individualized needs of the consumer. Provider is listed as rendering the service instead of required practitioner. |
| 90853 | GJ 07/13/2009 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | Illegible signature to determine rendering staff. Provider is listed as rendering the service instead of practitioner. |
| 90853 | HI 01/27/2010 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | No qualifications submitted for rendering provider Francine Lindburg. |
| 90862 | AJ 11/21/2012 | NA | NA | NA | NA | NA | NA | NA | NA | Fail | No medication consent submitted for review. |
| 90862 | LD 08/30/2011 | Pass | Pass | Pass | Pass | Pass | Pass | Fail | Pass | Pass | No medication consent submitted for review. |



Sampling Definition: Sampling is a statistical technique designed to produce a subset of elements drawn from a population, which represents the characteristics of that population. The goal of sampling is to determine the qualities of the population without examining all the elements in that population. Random selection of claims is necessary in order to produce a valid sample. In a random sample, claims are selected from a population in such a way that the sample is unbiased and closely reflects the characteristics of the population.

Sampling Frame Size: Total number of claims from universe of claims from which the sample was selected.

Sampling Unit: The entire claim amount.

Time Period: 7/1/2009 – 1/31/2013

Sample Size: Sample size is 150 claims.

Extrapolation: The overpayment was identified using the lower bound of the 90% confidence interval.

Santa Maria El Mirador

| | |
|---|-----------|
| Sample Size | 150 |
| Total Paid for Sample | \$20,088 |
| Sampling Frame Size | 103,733 |
| Number of Sample Claims with Overpayments | 20 |
| Tentative Overpayment Using Lower Bound of the 90% Confidence Interval | \$772,016 |

Longitudinal File Review

PCG selected between one and five of high risk procedure codes at each reviewed provider and then selected the five recipients who accounted for the highest dollar billing associated with each selected procedure code. PCG then performed an administrative and clinical review of 100 percent of the claims associated with each selected procedure code and recipient which were paid during calendar year 2012. Below is a table showing the relevant programs that were included in PCG's longitudinal file review and the resulting findings:



| Proc Code | Program Description | # of Cases Reviewed | # Claims Reviewed | \$ Claims Reviewed | # Claims Failed | \$ Value Claims Failed | % Claims Failed |
|--------------------|------------------------------|---------------------|-------------------|--------------------|-----------------|------------------------|-----------------|
| H2014 | Behavior Management Services | 5 | 980 | 118,604 | 292 | 36,441 | 29.8% |
| S5145 | Treatment Foster Care | 5 | 1,321 | 187,806 | 348 | 42,413 | 26.3% |
| Grand Total | | 10 | 2,301 | 306,409 | 640 | 78,854 | 27.8% |

Provider Credential Review

For all random date of service claims and longitudinal files reviewed, PCG requested provider credential information for each of the clinicians or other staff that had rendered the service. The table below shows the number of staff reviewed by provider type:

| Provider Type | # Reviewed |
|-----------------------------|------------|
| Therapist | 5 |
| Therapeutic Foster Care | 3 |
| IOP | 1 |
| Psychologist | 1 |
| BMS | 66 |
| Total Staff Reviewed | 76 |



IT/Billing System Audit

System Overview

Easter Seals El Mirador uses Medisoft for case tracking and billing system. Medisoft is a 3rd party, cloud based billing system based on Microsoft technology.

Bill process

Medisoft uses Optum Netwerkes ACH to submit their bills for processing and payment. Data intake forms are entered into the Medisoft system and electronically scanned and stored on a secure file server. All PCs are encrypted.

IT Contacts

- Walter Sadlowski – IT Admin
- Carmela Dominguez, Senior Accountant
- Mike Easley, Controller

Application Controls - System Walkthrough

All data intake information collected on paper and encounter data is entered into the Medisoft 3rd party system. The paper forms are keyed in by a small number of staff. The claims are billed on a monthly basis.

The El Mirador office is the central accounting office for Raton and Taos also. After claims are submitted by Taos and Raton a spreadsheet of their billings are sent to Carmela Dominguez and Mike Easley for review. Both of them analyze the billings and review the data for increases or decreases.

IT Strengths and Weaknesses

Strengths:

- The Medisoft software application is provided by a division of McKesson, a \$123 billion dollar health company.
- The Medisoft software is a cloud based, practice management software application that is secure and backed up on a regular basis.
- Medisoft user names and passwords are not shared and are distributed to individual users.

- Claims and remittances are sent and received electronically through Networks ACG clearing house.
- The system has reports to reconcile billings and remittances.
- None of the staff have access to the billing system source code.
- Formal training to use the system is provided to the users.

Weaknesses:

The weaknesses identified below are common among all the providers we audited, especially the three groups that are organized under El Mirador (El Mirador, Taos and Raton), because they all use the same system and owned and managed by the same central corporation.

Application controls may be compromised by the following application risks:

- All data forms are keyed into the application by a few individuals. Despite the application's data entry edits there is opportunity for data entry error. There should be a periodic audit of the stored electronic form and the corresponding data that is stored online (e.g. compare # of units and procedures) to see if differences exist.
- There is opportunity for clerical staff to create and manage fictitious clients and providers. Independent audits on a periodic basis are needed to verify both the provider and patient and the patient's condition exists.

Recommendations

- Verify that billing data in 837s and remittance data in 835s balance out using the Medisoft accounting reports or other available reports. Confirm that billings and remittances match to progress notes and billing data in the Medisoft system.
- On a monthly or quarterly basis create a process to verify that patient treatment documentation stored as an image on the image server matches what is in the Medisoft database to prevent data entry mistakes.



Enterprise Audit

Provider Specific Methodology

PCG utilized a consistent, systematic approach to conducting the enterprise audit of Easter Seals El Mirador (ESEM). PCG began by locating ESEM's legal entity, its officers, and organizers. PCG also reviewed initial founding and leadership information on CAI. This organization was formerly Santa Maria El Mirador. As such PCG reviewed both Santa Maria El Mirador and Easter Seals El Mirador (ESEM). We also reviewed the financials of a related foundation (The Knights of Templar).

PCG located and reviewed ESEM's audited financial statements and tax data. PCG recorded and reviewed recent officers, key employees, and independent contractors. PCG also searched for other entities owned by key employees and contractors. PCG located related parties and analyzed both the parties and the relationships, reviewing for potential conflicts of interest.

PCG assembled the financial data and analyzed it, looking at key ratios, trends, and tracking variances. PCG tracked the organization's addresses and reviewed ownership of property online or through the county assessor's office. Finally, PCG performed media and court record searches on the organization or related individuals.

Audit Observations

The organization provides active rehabilitative services, including residential and day treatment services. The organization has a related foundation, The Knights of Templar, which exists for the sole benefit of ESEM. However, each organization is governed by a different board of directors thus prohibiting the consolidation of both entities.

Key Staff

| First Name | Last Name | Position |
|------------|-------------|------------------|
| Larry | Lujan | Director |
| Beth | Sultermeyer | Director |
| Kirt | Flanagan | Director |
| Jane | Amos | Director |
| Mark | Johnson | President/CEO |
| John | DePaula | Deputy Director |
| Eloy | Duran | Deputy Director |
| Loretta | Garduno | Program Director |



| | | |
|----------|-----------|----------------------------|
| Margaret | Trivino | Health Service Coordinator |
| John | Petty | President |
| Carmen | Rodriguez | VP |
| Alice | Witcher | Secretary |
| Allen | Hamilton | Treasurer |
| Manley | Allen | Liason (2010) |

Financial Relationships

The Knights of Templar Foundation raises and advances funds for ESEM.

Summary of Findings and Recommendations

| Findings | Recommendations |
|---|---|
| <p>CEO, Mark Johnson, is cousin to board member Larry Lujan.</p> <p>The organization established a deferred compensation trust agreement for the benefit of the executive director. The trust provides payment of \$60K per year for seven years and upon reaching January 1, 2014, ten years upon termination of the director's employment for any reason.</p> | <p>This transaction should be evaluated for a determination of excess benefit. Mr. Johnson and Lujan should be evaluated to determine if they are disqualified persons.</p> |

List of Key Documentation Reviewed

| Document/Source | Year (if applicable) |
|-------------------------------|----------------------|
| Audited Financial Statements | 2011, 2010, 2009 |
| Provider Organizational Chart | Current |
| Form 990 (Nonprofit filing) | 2011, 2010, 2009 |
| Contracts | |



| Balance Sheet | FY2010 | FY2011 |
|--|------------------------|------------------------|
| Assets | | |
| Cash & cash equivalents | \$ 446,566.00 | \$ 214,327.00 |
| Receivables, net of allowance for doubtful accounts of approx. \$122k (FY2012) & \$178k (FY2011) | \$ 908,616.00 | \$ 980,910.00 |
| Prepaid expenses | \$ 59,596.00 | \$ 71,042.00 |
| Due from affiliated organization | \$ 730,605.00 | \$ 376,912.00 |
| Property & equipment, net | \$ 604,660.00 | \$ 523,966.00 |
| Capitalized leased assets, net | \$ 96,942.00 | \$ 69,723.00 |
| Beneficial interest in the assets of affiliated organization | \$ 2,545,671.00 | \$ 2,353,894.00 |
| Investments held for Deferred Compensation Plan | \$ 181,086.00 | \$ 287,579.00 |
| Cash held for Deferred Compensation Plan | \$ 101,328.00 | \$ 1,470.00 |
| Client deposits | \$ 3,670.00 | \$ 3,212.00 |
| Deposits – rental | \$ 7,200.00 | \$ - |
| Total Assets | \$ 5,685,940.00 | \$ 4,883,035.00 |
| Liabilities | | |
| Book overdraft | \$ - | \$ 357,074.00 |
| Accounts payable | \$ 338,192.00 | \$ 552,199.00 |
| Short-term borrowings | \$ 290,978.00 | \$ 1,026,667.00 |
| Salaries, wages & payroll taxes | \$ 584,516.00 | \$ 642,999.00 |
| Compensated absences | \$ 536,207.00 | \$ - |
| Deferred revenue | \$ 32,856.00 | \$ 21,515.00 |
| Current maturities of long-term debt | \$ 76,311.00 | \$ 80,790.00 |
| Current portion of deferred compensation | \$ 60,000.00 | \$ 60,000.00 |
| Current portion of capital lease obligations | \$ 30,318.00 | \$ 33,981.00 |
| Trust deposits held for clients | \$ 3,670.00 | \$ 3,212.00 |
| Long-term debt | \$ 138,300.00 | \$ 57,977.00 |
| Deferred compensation | \$ 200,000.00 | \$ 221,844.00 |
| Capital lease obligations | \$ 68,635.00 | \$ 34,656.00 |
| Total Liabilities | \$ 2,359,983.00 | \$ 3,092,914.00 |
| Net Assets | \$ 3,325,957.00 | \$ 1,790,121.00 |
| Total Liabilities and Net Assets | \$ 5,685,940.00 | \$ 4,883,035.00 |



| Income Statement | FY2010 | FY2011 |
|---|----------------------|-----------------------|
| Revenue | | |
| Medicaid revenue | \$ 8,772,743.00 | \$ 8,911,788.00 |
| Medicaid waiver | \$ 1,135,310.00 | \$ 864,024.00 |
| Federal revenue | \$ 370,086.00 | \$ - |
| Patient revenue | \$ 4,965,689.00 | \$ 4,040,597.00 |
| Sales of products & services | \$ 162,216.00 | \$ 112,992.00 |
| Other government grants & contracts | \$ 6,061.00 | \$ 560.00 |
| Other | \$ 30,817.00 | \$ 39,318.00 |
| Loss from affiliated organization: beneficial interest in the assets of affiliated organization | \$ (56,182.00) | \$ (191,777.00) |
| Contributions | \$ 86,000.00 | \$ 6,217.00 |
| Investment return | \$ 10,016.00 | \$ 6,449.00 |
| Other interest & dividend income | \$ 11,704.00 | \$ 13,186.00 |
| Gain on disposal of equipment | \$ - | \$ 11,634.00 |
| Net assets released from restrictions | \$ - | \$ 34,724.00 |
| Total Revenues and Support | \$ 15,494,460.00 | \$ 13,849,712.00 |
| Expenses | | |
| Intermediate care | \$ 9,116,835.00 | \$ 8,630,006.00 |
| Outpatient behavioral health to children & youths | \$ 3,464,096.00 | \$ 2,963,582.00 |
| Community integration | \$ 1,363,806.00 | \$ 963,670.00 |
| Treatment foster care placement & support | \$ 378,440.00 | \$ 349,290.00 |
| General & administration | \$ 1,881,663.00 | \$ 2,444,276.00 |
| Total Expenses | \$ 16,204,840.00 | \$ 15,350,824.00 |
| Change in temporarily restricted net assets | \$ 34,724.00 | \$ (34,724.00) |
| Change in Net Assets | \$ (675,656.00) | \$ (1,535,836.00) |
| Net Assets, beginning of year | \$ 4,001,613.00 | \$ 3,325,957.00 |
| Net Assets, end of year | \$ 3,325,957.00 | \$ 1,790,121.00 |

Presbyterian Medical Services

Clinical Narrative
IT Narrative
Enterprise Narrative



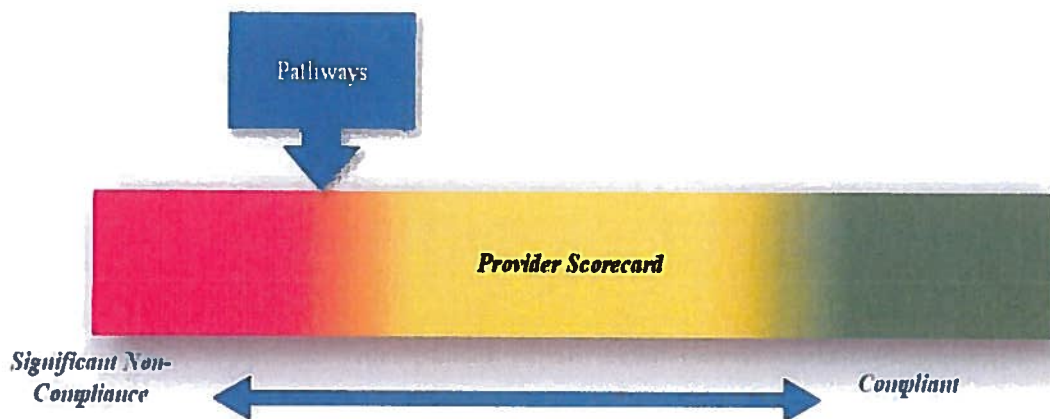
PRESBYTERIAN MEDICAL SERVICES BEHAVIORAL HEALTH PROVIDER AUDIT

Case File Audit

| | |
|--|------------------------------------|
| Dates of Onsite Review | February 27 – March 5, 2013 |
| Main Point of Contact at Facility | Stephen Hansen, Executive Director |
| Extrapolated Date of Service Overpayments | \$4,327,784 |
| Actual Longitudinal Overpayments | \$161,843 |
| Total Overpayments | \$4,489,627 |

Scorecard results are as follows:

| Random Sample Compliance Rate | Longitudinal Compliance Rate |
|-------------------------------|------------------------------|
| 73% | 40% |



This scorecard result translates to the following Risk Tier:

| | |
|---|---|
| <p>2 Significant volume of findings that include missing documents</p> | <ul style="list-style-type: none"> • Provide trainings and clinical assistance as needed. • Potentially embed clinical management to improve processes. |
|---|---|



Provider Overview

Presbyterian Medical Services provides behavioral health services in 23 Locations in New Mexico's 12 Counties - Los Alamos, Rio Arriba, Santa Fe, Catron, Sierra, Socorro, Torrance, San Juan, McKinley, Cibola, Sandoval, Valencia, Bernalillo. Within these locations, Presbyterian Medical Services delivers behavioral health services including; medical services, dental services, behavioral services, children services, training-services, hospice, developmental disabilities and senior services. PCG was tasked with reviewing several of these programs for compliance with New Mexico regulations.

| Payer | \$ Claims Paid FY12 | \$ Claims Paid Audit Period |
|--------------------|---------------------|-----------------------------|
| BHSD | 4,239,011 | 12,968,149 |
| CYFD | 160,947 | 1,009,095 |
| Medicaid FFS | 1,072,448 | 3,443,981 |
| Medicaid MCO | 6,101,599 | 18,389,414 |
| NMCD | 46,142 | 291,389 |
| Other | 0 | 144 |
| Grand Total | 11,620,147 | 36,102,172 |

Audit Team Observations

- Upon arrival at (PMS), the PCG team was immediately escorted to the office of the Executive Director, Stephen Hansen. PCG discussed the purpose of the audit with Mr. Hansen, who named Pippa Amick, the PMS compliance director, to act as the primary point of contact.
- The entrance conference lasted for approximately two hours. Much of that time was spent discussing the logistics of delivering case files to the Santa Fe location. In general, patient records are not stored at the Santa Fe location.
- PCG offered to drive to PMS sites and conduct work where files were located, with the exception of personnel and training documents, which are stored in hard copy in Santa Fe.

- PMS elected to deliver all case files and documents records electronically to PCG. This process entailed scanning paper records housed in PMS sites throughout the state and delivering them to PCG through Ms Amick.
- Case files did not conform to a consistent organizational format and in many cases, various records comprising a patient's file were delivered one by one over the course of multiple days. PCG understood this to be attributable to pulling paper from multiple sites, scanning it locally and sending it.
- PMS delivered case files to PCG over the course of several days. The process of collecting material from multiple sites appeared to cause a delay in the delivery of files, though PMS staff did provide all material that PCG requested.
- Clinical Reviewers noted the following general findings:
 - Comprehensive Clinical Assessments were not always provided to determine/support medical necessity for the billed service or the provided assessments were incomplete of critical information.
 - Treatment plans were missing, not up to date, and/or not individualized per consumer.
 - Progress Notes/Recipient Documents were missing, incomplete, and insufficient of necessary information.

Random Date of Service Claim Review

PCG reviewed one hundred and fifty (150) random date of service claims for July 1, 2009 through January 31, 2013. Below is a table showing the relevant programs that were included in PCG's random audit sample and the resulting findings:

| Procedure Code | Program Description | # of Claims Reviewed | \$ Value Claims Reviewed | # Claims Failed | \$ Value Claims Failed | % Claims Failed |
|----------------|-----------------------------------|----------------------|--------------------------|-----------------|------------------------|-----------------|
| 90801 | Psychiatric Diagnostic Evaluation | 2 | 191 | 0 | 0 | 0.0% |
| 90804 | Outpatient—20-30 minutes | 3 | 165 | 0 | 0 | 0.0% |
| 90806 | Outpatient—45-50 minutes | 32 | 2,079 | 0 | 0 | 0.0% |
| 90808 | Outpatient—75-80 minutes | 2 | 158 | 0 | 0 | 0.0% |
| 90837 | Outpatient—60 minutes | 1 | 71 | 0 | 0 | 0.0% |



| | | | | | | |
|--------------------|---|------------|---------------|-----------|--------------|--------------|
| 90846 | Family Therapy | 1 | 67 | 0 | 0 | 0.0% |
| 90847 | Family Therapy | 5 | 304 | 0 | 0 | 0.0% |
| 90853 | Group Therapy | 13 | 324 | 0 | 0 | 0.0% |
| 90862 | Medication Management | 18 | 933 | 0 | 0 | 0.0% |
| H0002 | Behavioral Health Screening | 1 | 40 | 1 | 40 | 100.0% |
| H0015 | Intensive Outpatient Program | 3 | 397 | 0 | 0 | 0.0% |
| H0039 | Assertive Community Treatment | 7 | 1,664 | 0 | 0 | 0.0% |
| H0048 | Alcohol/Drug Testing | 5 | 75 | 2 | 30 | 40.0% |
| H2015 | HO, HN, HM—CCSS | 27 | 1,298 | 24 | 1,160 | 88.9% |
| H2017 | Psychosocial Rehabilitation | 18 | 1,371 | 14 | 915 | 77.8% |
| H2033 | Multi-Systematic Therapy | 11 | 1,838 | 0 | 0 | 0.0% |
| T1007 | Behavioral Health Treatment Plan Update | 1 | 114 | 0 | 0 | 0.0% |
| Grand Total | | 150 | 11,088 | 41 | 2,145 | 27.3% |

Specific Random Sample Review Findings

For each program reviewed, PCG identified the level of compliance and any specific areas of concern. Below is a table showing each of the non-compliant claims PCG validated, the reason(s) why the claim was found to be out of compliance, and the area(s) of concern PCG identified:



| Proc Code | Recipient DOS | Assessment / Screening | Treatment Plan | Service Delivery | Psych / Progress Notes | Billing | Staffing | Consent Forms | Pharma | Other | Comments |
|-----------|------------------|------------------------|----------------|------------------|------------------------|---------|----------|---------------|--------|-------|---|
| H0002 | MR 06/01/2011 | Pass | NA | NA | NA | NA | Fail | NA | NA | NA | The clinician name is identified on this screening, but personnel documentation has not been reviewed to determine title, licensure, etc. Donna Romero is identified clinician (no licensure or role is indicated) and there is a supervisor signature. |
| H0048 | SJ 04/13/2011 | Pass | NA | NA | Fail | NA | Pass | NA | NA | NA | No documentation is found of an H0048 encounter occurring on this (or any) date. |
| H0048 | VJ 12/12/2011 | Pass | NA | NA | Fail | NA | Pass | NA | NA | NA | No document indicating a drug test was found in documentation for this date of service. |
| H2015 | AF 06/01/2011 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Although cited as having a BA degree - Valdez, Debra, other requirements were not met, as evaluated during review of her personnel file. Practitioner on claims data Valdez, Debra rendered services on this date but as indicated staff qualifications needed. |
| H2015 | BC 06/22/2010 | Pass | Pass | Pass | Fail | NA | Fail | NA | NA | NA | The "Risk" section of Progress Note was left blank. 5 units of service were given; 6 units (10 am -11:20 am) were billed. Toni Daukei personnel file was not received by provider for this review. |
| H2015 | BC 07/24/2012 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Staff does not appear to meet basic requirements for CSW, as per CCSS guidelines. |
| H2015 | BR 02/06/2012 | Pass | Pass | Pass | Fail | NA | Fail | NA | NA | NA | Difficult to determine; no intervention was cited in Progress Note. Progress note does not reflect 5 units of time spent with consumer. "Interventions: Coaching/role play as client explores expression of self with her housemates and others in her life". The credentials are not verified in provider documentation for this CSW to be billing the HN modifier. Greco, Eugenia H. The above cited practitioner does not meet requirements for CSW. The practitioner Greco, Eugenia H. does not meet requirements - Progress note and claims data coincide. |



| H2015 | GA 10/25/2012 | Pass | Pass | Fail | Pass | NA | Fail | NA | NA | NA | Occurred via telephone. This CSW credentials indicate use of the HM modifier rather than the HN. Qualification clarification needed to assure correct billing modifier. |
|-----------|------------------|------------------------|----------------|------------------|------------------------|---------|----------|---------------|--------|-------|--|
| H2015 | GL 10/07/2009 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Personnel documentation of Ericka Kidd, CSW, indicates that she should be billed under the HM modifier. Training documented for E. Kidd is not sufficient for meeting CSW requirements. |
| H2015 | FD 03/30/2012 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Telephone call. |
| H2015 | FW 12/12/2011 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Joell Jones personnel record does not meet CSW requirements. |
| H2015 | HC 11/13/2009 | Pass | Pass | Fail | Fail | NA | Fail | NA | NA | NA | No Progress Note is in documentation for review. |
| H2015 | HG 08/06/2009 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Alice Bybee, the rendering CSW, has not been validated for meeting requirements for CSW as per the personnel file review. PMS is listed, not the practitioner. |
| Proc Code | Recipient DOS | Assessment / Screening | Treatment Plan | Service Delivery | Psych / Progress Notes | Billing | Staffing | Consent Forms | Pharma | Other | Comments |
| H2015 | HT 05/03/2012 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Personnel documentation for Vera Westbrook was not provided by provider. Personnel documentation for Vera Westbrook was not provided by provider. |
| H2015 | HZ 09/29/2009 | Fail | Pass | Pass | Pass | NA | Fail | NA | NA | NA | While the documentation does support consumer being in CCSS, there was reference in a second. Progress Note dated 9/29/09 that the consumer is in the PACT program, a service that is not to be provided in conjunction with CCSS. This staff Ivy Daniels does not meet CSW requirements. Mark Boschelli is on the claim; Ivy Daniels is the CSW who signed the Progress Note. |
| H2015 | KG 11/28/2011 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | The qualifications of Paula Jackson have yet to be verified. Claims data and progress note coincide. |
| H2015 | LK | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Services delivered in office. |



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| | 07/22/2010 | | | | | | | | | | |
|-------|------------------|------|------|------|------|----|------|----|----|----|--|
| H2015 | LR 09/10/2012 | Pass | Pass | Fail | Fail | NA | Fail | NA | NA | NA | Telephone call. The Progress Note for this telephone call indicates an attempt to get client into detox; there is not much support in this note for 4 units being billed. Personnel documentation indicates this staff has not met requirements for CSW distinction. |
| H2015 | ME 08/02/2012 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Documentation collected has not included personnel records for this individual; therefore, credentials cannot be substantiated at this time. |
| H2015 | MG 08/01/2012 | Pass | Fail | Fail | Fail | NA | Fail | NA | NA | NA | Initial intake after incarceration. John, Evelina R files needed to determine qualifications. Documents signed during intake process and claims data coincide. |
| H2015 | MJ 02/18/2011 | Pass | Pass | Fail | Pass | NA | Fail | NA | NA | NA | Occurred in office. Patricia Vigil does not meet CPCS personnel requirements. Vigil, Patricia qualifications undetermined - Claims data and Progress note do coincide with this date of service. |
| H2015 | SC 08/23/2012 | Pass | Pass | Pass | Fail | NA | Pass | NA | NA | NA | Nothing was checked under the Risk box, including the option of "None". |
| H2015 | SS 10/11/2011 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Pauline Reynolds did not meet requirements for service provided. Reynolds, Pauline lacks qualification to provide this service - Claims data and progress note coincide. |
| H2015 | TG 01/11/2011 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Practitioner/staff list provided Gordon, Faun lacks qualifications for rendered service. |
| H2015 | VR 04/25/2012 | Pass | Pass | Fail | Pass | NA | Fail | NA | NA | NA | Face-to-face is implied but not actually cited. Documentation does not support this practitioner meeting CSW requirements. |
| H2015 | WK 12/21/2010 | Fail | Fail | Fail | Fail | NA | Fail | NA | NA | NA | No Treatment Plan evidenced in documentation collected for this consumer; therefore this is unknown. There is no Progress Note for this date of service. Document present however Dodson, Janet lacks qualifications as indicated by staff/practitioner list provided. CPCS progress note needed for this date of service or billing code incorrect. Files available for date of service Narrative |



| | | | | | | | | | | | Report-ASI-MV. Janet Dodson is the signator of the ASI-MV document dated with the above date of service. Evelina John is the CSW practitioner cited claims data. |
|-----------|------------------|------------------------|----------------|------------------|------------------------|---------|----------|---------------|--------|-------|---|
| Proc Code | Recipient DOS | Assessment / Screening | Treatment Plan | Service Delivery | Psych / Progress Notes | Billing | Staffing | Consent Forms | Pharma | Other | Comments |
| H2015 | WQ 10/18/2011 | Fail | Fail | Fail | Fail | NA | Fail | NA | NA | NA | Axis I = Adjustment Disorder 309.9 on the Psych Eval dated 10/27/2011, which does not meet CCSS criteria. Treatment Plan dated 11/25/2011 indicates (6) one time per week therapy sessions and no mention of CCSS. This Progress Note is occurring before the Treatment Plan was created. Location of service is not stated on this Progress Note. CCSS as an intervention is not mentioned in Treatment Plan. John, Evelina R qualifications needed. |
| H2017 | AK 11/15/2012 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Travis Price, PSR, has not been verified as appropriate for this level of care. |
| H2017 | CA 06/26/2012 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Documentation provided with progress note lacks support of medical necessity. |
| H2017 | GJ 08/27/2012 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Time or duration is not indicated on this Progress Note. |
| H2017 | GK 08/23/2011 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | The credentials of the above cited CSW Jones, Joell cannot be substantiated with the documnts received by provider. |
| H2017 | JJ 04/20/2011 | Fail | Fail | Pass | Pass | Fail | Pass | NA | NA | NA | Consumer attending PSR since 2009. Seizure Disorder documented omitted on axes. Personnel records not received for Susan Pelayo, the staff indicated on the Progress Note. |
| H2017 | LS 01/10/2012 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Michelle Warner (above) has not yet been verified as appropriate for providing the PSR level of care. Additionally, the signature for the progress note of this date of service is signed by JoAnn Martinez, Peer Support Specialist. |
| H2017 | MK | Pass | Pass | Pass | Fail | Fail | Pass | NA | NA | NA | .PSR progress note needed. Files contain 4 sign in sheets for |



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|-------|------------------|------------|-----------|---------|---------|---------|----------|---------|--------|-------|--|---|
| | 05/19/2010 | | | | | | | | | | | groups attended on this day. The Instructor box on the Class Note indicates two handwritten first names; legibility is an issue, as well as no title/role being given, nor the full name of the practitioners. |
| H2017 | MP 07/29/2009 | Pass | Fail | Fail | Fail | Pass | Pass | NA | NA | NA | | The Progress Note for this date of service is for Individual Counseling, not PSR as cited above in billing. |
| H2017 | PJ 02/01/2012 | Pass | Fail | Pass | Pass | Pass | Pass | NA | NA | NA | | PSR is minimally indicated in Service Plan. PSR is minimally indicated in Service Plan. One mention of PSR is indicated in the CCSS dominate Service Plan; this PSR intervention had to do with consumer teaching yoga to PSR class. |
| H2017 | SC 05/02/2011 | Fail | Pass | Pass | Pass | Fail | Fail | NA | NA | NA | | Reynolds, Pauline does not meet staff qualifications. This Progress Note does not indicate anyone other than the PSS as present during the day (4-5 hours) of PSR interventions. Jones, Joell lacks sufficient qualifications to provide this service. |
| H2017 | SD 01/04/2011 | Fail | Fail | Fail | Pass | Fail | Fail | NA | NA | NA | | Lacks person centered plan for this consumers needs and cognitive functioning Tramatic Brain Injury present w/ TBI independant living service plan. Consumer is reported to have participated in PSR "for many years" Traumatic Brain Injury limits progression in program with recovery and resiliency plans unrealistic. Traumatic brain injury funding being used for consumer-PSR service notes relating to groups for this consumer do not promote appropriate interventions. Over use of PSR services - Documentation relating to possible loss of funding through medicaid for this service – Facility at that time gained funding through TBI. Psychiatric assessment dated 5/2/08 unknown staff/practitioner "J Dunn, MD." Unable to determine. Progress note and claims data inconsistant for this date of service. States "Socail Skills/Sprit Club (Goals and Objectives) - Daisy will make an effort to come once a week to work in social skills/activities". |
| Proc | Recipient | Assessment | Treatment | Service | Psych / | Billing | Staffing | Consent | Pharma | Other | | Comments |



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| Code | DOS | Screening | Plan | Delivery | Progress Notes | | | Forms | | | |
|-------|------------------|-----------|------|----------|-------------------|------|------|-------|----|----|--|
| H2017 | SJ 12/28/2010 | Pass | Pass | Pass | Pass | Fail | Fail | NA | NA | NA | Although a "Supervisor" space exists on this note template, it was left blank. Currently, Susan Pelayo is not identified as a PMS worker. Additionally, this document is not signed. |
| H2017 | SM 11/19/2012 | Pass | Fail | Fail | Fail | Fail | Pass | NA | NA | NA | No progress note is evident in documentation, although there is a sign-in sheet with this consumer's name on it for this date of service. |
| H2017 | WC 09/26/2011 | Fail | Fail | Fail | Pass | Fail | Pass | NA | NA | NA | The Recovery Plan indicates need for CCSS rather than the PSR that is billed for this date of service. Part of session was at PMS, part was at SunWest Properties offsite. Vera Westbrook, CSW, is not listed on the staff list for this provider. |



Sampling Definition: Sampling is a statistical technique designed to produce a subset of elements drawn from a population, which represents the characteristics of that population. The goal of sampling is to determine the qualities of the population without examining all the elements in that population. Random selection of claims is necessary in order to produce a valid sample. In a random sample, claims are selected from a population in such a way that the sample is unbiased and closely reflects the characteristics of the population.

Sampling Frame Size: Total number of claims from universe of claims from which the sample was selected.

Sampling Unit: The entire claim amount.

Time Period: 7/1/2009 – 1/31/2013

Sample Size: Sample size is 150 claims.

Extrapolation: The overpayment was identified using the lower bound of the 90% confidence interval.

| Presbyterian Medical Services | |
|--|-------------|
| Sample Size | 150 |
| Total Paid for Sample | \$11,088 |
| Sampling Frame Size | 413,154 |
| Number of Sample Claims with Overpayments | 41 |
| Tentative Overpayment Using Lower Bound of the 90% Confidence Interval | \$4,327,784 |

Longitudinal File Review

PCG selected between one and five of high risk procedure codes at each reviewed provider and then selected the five recipients who accounted for the highest dollar billing associated with each selected procedure code. PCG then performed an administrative and clinical review of 100 percent of the claims associated with each selected procedure code and recipient which were paid



during calendar year 2012. Below is a table showing the relevant programs that were included in PCG's longitudinal file review and the resulting findings:

| Proc Code | Program Description | # of Cases Reviewed | # Claims Reviewed | \$ Claims Reviewed | # Claims Failed | \$ Value Claims Failed | % Claims Failed |
|--------------------|-----------------------------|---------------------|-------------------|--------------------|-----------------|------------------------|-----------------|
| H2015 | HO, HN, HM—CCSS | 5 | 547 | 47,123 | 514 | 43,650 | 94.0% |
| H2017 | Psychosocial Rehabilitation | 5 | 1,142 | 136,745 | 697 | 82,381 | 61.0% |
| H2033 | Multi-Systematic Therapy | 5 | 598 | 132,038 | 151 | 35,813 | 25.3% |
| Grand Total | | 15 | 2,287 | 315,906 | 1,362 | 161,843 | 59.6% |

Provider Credential Review

For all random date of service claims and longitudinal files reviewed, PCG requested provider credential information for each of the clinicians or other staff that had rendered the service. The table below shows the number of staff reviewed by provider type:

| Provider Type | # Reviewed |
|---|------------|
| Community Support Worker | 23 |
| Therapist | 57 |
| Clinical Services Supervisor | 1 |
| Licensed Professional Clinical Counselor (LPCC) | 1 |
| Peer Support | 2 |
| Nurse | 5 |
| Psychiatrist | 6 |
| PRW | 3 |
| PSR | 1 |
| Psychosocial Rehabilitation Worker (PRW) | 1 |



| | |
|-----------------------------|------------|
| Unknown/Other | 1 |
| Total Staff Reviewed | 101 |



IT/Billing System Audit

System Overview

PMS uses a 3rd party clinical and billing system created and supported by NextGen Healthcare Inc., based in Horsham PA. The system is used for data intake, progress notes and billing. The system is written in .Net 4.0 and uses SQL Server 2008 which is one of the leading development environments for modern system applications.

The application operates on multiple servers and is backed up on a regular basis. Backup servers are available to run the application if the primary application servers became unavailable. This architecture is consistent with best practices system architecture and redundancy.

All system logons are requested by supervisors who then submit requests to the IT helpdesk. The Database Administrator (DBA), a full-time employee of PMS is the only person who has rights to alter the database and grants access to approved persons who need access to the database. The only people requiring access to the database has been NextGen when they need to update the system and the DBA supervises them when NextGen updates the database.

Clinicians can access the system to update progress notes through Citrix, a leading 3rd party application used to support remote users.

The system is protected by a firewall and they have never had a known security breach.

Bill process

The system validates data entered into the system and can be configured to support custom validation checks. The system also prices the services and prepares an EDI 5010 837 file that is then sent to a 3rd party clearinghouse for payment.

IT Contacts

- Stephen C. Hansen, President/CEO
- Doug Smith, Executive Vice President
- Esteban Hidalgo, CTO

Application Controls - System Walkthrough

Prior to the Encounter the patient is registered into the NextGen system. The patient's demographic and insurance information is included in the registration process. All encounter information is captured on a paper form. The information from the form is entered into the

NextGen system and then electronically scanned and stored on an image server. The original document is then shredded and disposed of.

Once a claim is entered into the system it is validated and the staff has 72 hours to make any corrections. Claims are processed weekly. An 837 is created and then sent to a file server where it is then sent to the clearinghouse for payment. The clearinghouse sends back the remittance electronically and reports are run by accounting to verify payments received.

IT Strengths and Weaknesses

Strengths:

- The software application appears robust and is built using a leading software development environment and database.
- Security is high; only DB Administrator can alter database; usernames and passwords are controlled by IT department.
- System is backed up and is redundant.
- Users do not share login accounts.
- Claims and remittances are sent and received electronically
- The system has reports and screens so that claim billings and payments can be reviewed and audited by the accounting department.
- None of the PMS staff have access to the source code of the NextGen system.
- Formal training to use the system is provided for all users.

Weaknesses:

Application controls may be compromised by the following application risks:

- All data forms are keyed into the application by a few individuals.
 - Despite the application's data entry edits there is opportunity for data entry error. There should be a periodic audit of the stored electronic form and the corresponding data that is stored online (e.g. compare # of units and procedures) to see if differences exist.
- There is opportunity for clerical staff to create and manage fictitious clients and providers. Independent audits on a periodic basis are needed to verify both the provider and patient and the patient's condition exists.
- After 837s have been created and stored on a file server and await transmission to the clearinghouse, they can be altered.



Recommendations

- Verify that 837s and 835s balance out using NextGen accounting or database reports to ensure the transmission files were not altered.
 - On a monthly or quarterly basis create a process to verify that patient treatment documentation stored as an image on the image server matches what is in the NextGen database to prevent data entry mistakes.
-

Enterprise Audit

Provider Specific Methodology

PCG utilized a consistent, systematic approach to conducting the enterprise audit of Presbyterian Medical Services (PMS). PCG began by locating PMS's legal entity, its officers, and organizers. PCG also reviewed initial founding and leadership information on PMS.

PCG located and reviewed PMS's audited financial statements and tax data. PCG recorded and reviewed recent officers, key employees, and independent contractors. PCG also searched for other entities owned by key employees and contractors. PCG located related parties and analyzed both the parties and the relationships, reviewing for potential conflicts of interest.

PCG assembled the financial data and analyzed it, looking at key ratios, trends, and tracking variances. PCG tracked the organization's addresses and reviewed ownership of property online or through the county assessor's office. Finally, PCG performed media and court record searches on the organization or related individuals.

Due to the organization's interest in Partners in Wellness, both organizations were cross referenced.

Audit Observations

Presbyterian Medical Services is a large system of care comprised of community Health Centers, a pharmacy system, supported living facilities, and human services providers. In 2009, it invested in Partners in Wellness with TeamBuilders Counseling Services and Carlsbad Mental Health Center. In 2012, Carlsbad Mental Health Services was asked to leave the partnership after state agencies alleged that there were billing irregularities in Carlsbad's business. Carlsbad subsequently announced that it would withdraw.



Key Staff

| First Name | Last Name | Position |
|--------------|-----------------|---------------------|
| Gordon | Dalen | Director |
| Katherine | DePaula | Director |
| Rose | Kelly | Director |
| Cynthia Rael | Vigil | Director |
| Keith | Riddle | Vice Chairman |
| Esther | Smedley | Director |
| Susan | Smith | Chairman |
| Nadine | Ulibarri-Keller | Director |
| Bernice | Brewer | Director |
| Carolyn | Renteria | Director |
| Bert | Sandoval | Director |
| Dan | Shannon | Director |
| Byron | Bartley | Director |
| Rob | Mitchell | Director |
| Debbie | Bonifer | Corp Secretary |
| Diane P | Martinez | VP HR |
| James L | Riebsomer | Corp Bus Advisor |
| Steve | Hansen | President/Treasurer |
| Don | Daniel | VP Legal Affairs |
| Lawrence | Lyons | VP Clinical Affairs |
| Doug | Smith | VP Operations |
| Sylvia | Montoya | Physician |
| Melanie | Ukanwa | Physician |
| Ellen | Piernot | Physician |
| Sally | Bodensteiner | Physician |
| Joanna | Sharpe | Director |
| Roger | Toledo | Director |
| Roberta C | Lee | CFO |
| Frank | Arnold | Physician |
| Jessie | Salazar | Physician |
| Karna | Patel | Physician |
| Chuck | Nielson | Director |
| Frank | McCasland | Director |



| | | |
|---------|---------|----------|
| Anthony | Armijo | Director |
| Scott | Michlin | Director |

Financial Relationships

In 2011, the following organizations were paid as follows for staffing services:

| | |
|-----------------------------|--------------|
| Carlsbad Mental Health | \$601,033.00 |
| UNM Health Sciences Center | \$187,446.00 |
| CompHealth Medical Staffing | \$333,625.00 |

Summary of Findings and Recommendations

| Findings | Recommendations |
|---|---|
| The organization was in a partnership arrangement with Carlsbad Mental Health through Partners in Wellness. PCG noted that Presbyterian Medical Services has made payments to Carlsbad Mental Health of \$413,533 in 2009; \$564,405 in 2010; and \$601,033 in 2012. | These transactions should be evaluated for possible excess benefits and Carlsbad Mental Health should be evaluated to determine if it is a disqualified person. |
| Presbyterian Medical Services has a large and unusual arrangement with a former employee, James L. Riebsomer. Multi-million dollar loans are recorded both to and from Mr. Riebsomer to buy a split dollar life insurance policy that is considered term benefits as part of a severance agreement. Compensation to Mr. Riebsomer was recorded as: \$875,946 in 2009; \$863,033 in 2010; and, \$851,924 in 2011. | These transactions should be evaluated for possible excess benefits and Mr. Riebsomer should be evaluated to determine if he is a disqualified person. |



List of Key Documentation Reviewed

| Document/Source | Year (if applicable) |
|-------------------------------------|-----------------------------|
| Audited Financial Statements | 2011, 2010, 2009 |
| Form 990 (Nonprofit filing) | 2011, 2010, 2009 |
| Org chart | Current |



| Balance Sheet | 2008 | 2009 | 2010 | 2011 |
|---|----------------------|---------------|----------------------|----------------------|
| Assets | | | | |
| Cash & cash equivalents | \$ 1,193,041 | \$ 1,858,155 | \$ 2,709,979 | \$ 7,296,273 |
| Patient accounts receivable, net allowance for doubtful accts of \$4M (2011) \$6,600,000 (2010) \$7,900,000 (2009) & \$6,200,000 (2008) | \$ 5,812,905 | \$ 4,652,988 | \$ 5,084,125 | \$ 3,299,689 |
| Contract & other receivables, net of allowance for doubtful accts of \$500K (2011) \$400K (2010) \$122K (2009) & \$127K (2008) | \$ 3,155,013 | \$ 2,843,201 | \$ 4,811,879 | \$ 4,901,648 |
| Inventories | \$ 380,429 | \$ 296,552 | \$ 306,132 | \$ 348,525 |
| Short-term investments | \$ 1,932,541 | \$ 1,890,635 | \$ 2,106,053 | \$ 1,897,294 |
| Accrued interest on related party receivable | \$ 120,000 | \$ 240,000 | \$ 236,993 | \$ 251,610 |
| Prepaid expenses & other assets | \$ 209,466 | \$ 233,635 | \$ 236,317 | \$ 315,783 |
| Related party receivable | \$ 2,000,000 | \$ 2,000,000 | \$ 1,762,492 | \$ 1,511,182 |
| Investment in Partners in Wellness | \$ - | \$ 101,305 | \$ 105,112 | \$ 169,576 |
| Property, plant & equipment, net | \$ 24,064,251 | \$ 23,373,676 | \$ 24,308,702 | \$ 23,023,928 |
| Total Assets | \$ 38,867,646 | ##### | \$ 41,667,784 | \$ 43,015,508 |



| Liabilities | | | | | | | | |
|--|----|------------|----|------------|----|------------|----|------------|
| Accounts Payable | \$ | 1,532,069 | \$ | 1,455,555 | \$ | 1,526,855 | \$ | 1,577,385 |
| Accrued liabilities | \$ | 5,846,224 | \$ | 6,061,865 | \$ | 6,177,263 | \$ | 7,046,302 |
| Accrued interest on post-retirement & termination benefits | \$ | 204,568 | \$ | 364,164 | \$ | 179,629 | \$ | 244,176 |
| Estimated third-party payer settlements | \$ | 1,052,724 | \$ | 1,223,219 | \$ | 2,675,033 | \$ | 3,003,869 |
| Deferred revenue | \$ | 1,168,322 | \$ | 355,535 | \$ | 651,419 | \$ | 897,678 |
| Current portion of post-retirement & termination benefits | \$ | 116,248 | \$ | 638,954 | \$ | 548,869 | \$ | 582,722 |
| Current portion of debt | \$ | 1,279,884 | \$ | 1,565,354 | \$ | 1,667,265 | \$ | 1,034,255 |
| Debt, less current portion | \$ | 8,558,742 | \$ | 7,571,778 | \$ | 6,410,681 | \$ | 6,357,677 |
| Post-retirement & termination benefits, less current portion | \$ | 3,409,470 | \$ | 2,770,515 | \$ | 2,676,368 | \$ | 2,033,775 |
| Total Liabilities | \$ | 23,168,251 | \$ | 22,006,939 | \$ | 22,513,382 | \$ | 22,777,839 |
| Net Assets | \$ | 15,699,395 | \$ | 15,483,208 | \$ | 19,154,402 | \$ | 20,237,669 |
| Total Liabilities and Net Assets | \$ | 38,867,646 | \$ | 37,490,147 | \$ | 41,667,784 | \$ | 43,015,508 |



| Income Statement | 2008 | FY2009 | 2010 | 2011 |
|---|----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Contracts & grants | \$ 33,634,242 | \$ 33,723,409 | \$ 37,524,646 | \$ 37,523,287 |
| Net patient service revenue | \$ 28,138,471 | \$ 28,229,976 | \$ 30,812,096 | \$ 30,588,504 |
| Capitation revenue | \$ 2,824,696 | \$ 2,909,640 | \$ 3,394,757 | \$ 3,292,608 |
| Contributions | \$ 2,044,165 | \$ 1,691,604 | \$ 2,013,093 | \$ 2,172,562 |
| Other | \$ 810,133 | \$ 856,693 | \$ 487,871 | \$ 798,390 |
| Sales of drugs & supplies | \$ 311,528 | \$ 311,116 | \$ 279,788 | \$ 280,782 |
| Total Revenues and Support | \$ 67,763,235 | \$ 67,722,438 | \$ 74,512,251 | \$ 74,656,133 |
| Expenses | | | | |
| Salaries & wages | \$ 35,292,812 | \$ 38,189,766 | \$ 39,544,286 | \$ 41,692,846 |
| Employee benefits | \$ 7,309,503 | \$ 8,421,566 | \$ 8,703,990 | \$ 9,120,417 |
| Facility costs | \$ 4,198,058 | \$ 3,961,735 | \$ 4,199,799 | \$ 4,651,504 |
| Contractual & consulting | \$ 3,789,255 | \$ 3,554,821 | \$ 3,843,316 | \$ 4,240,994 |
| Supplies & drugs | \$ 3,647,912 | \$ 3,511,548 | \$ 3,563,534 | \$ 3,811,094 |
| Provision for bad debts | \$ 2,080,572 | \$ 1,929,425 | \$ 1,717,271 | \$ - |
| Depreciation & amortization | \$ 1,599,134 | \$ 1,673,714 | \$ 1,879,689 | \$ 2,099,146 |
| Information technology | \$ 1,150,803 | \$ 1,601,640 | \$ 1,609,708 | \$ 1,949,670 |
| Other | \$ 1,645,800 | \$ 1,540,334 | \$ 1,347,707 | \$ 1,375,324 |
| Travel & education | \$ 1,317,901 | \$ 1,128,861 | \$ 1,181,414 | \$ 1,297,522 |
| Healthcare claims under capitation contract | \$ 1,239,000 | \$ 1,095,000 | \$ 1,288,360 | \$ 1,018,732 |
| Vehicle & equipment repair & maintenance | \$ 1,010,621 | \$ 976,264 | \$ 1,196,592 | \$ 1,312,522 |
| Insurance | \$ 689,374 | \$ 727,303 | \$ 722,463 | \$ 637,738 |
| Total operating expenses | \$ 64,970,745 | \$ 68,311,977 | \$ 70,798,129 | \$ 73,207,509 |



| | | | | |
|---|-----------------------|----------------------|----------------------|----------------------|
| Income/Loss from operations | \$ 2,792,490 | \$ (589,539) | \$ 3,714,122 | \$ 1,448,624 |
| Interest expense | \$ (884,137) | \$ (765,804) | \$ (740,637) | \$ (593,615) |
| Unrealized gain on investments | \$ (535,936) | \$ 479,461 | \$ 167,409 | \$ (102,040) |
| Rental income | \$ 136,000 | \$ 186,984 | \$ 124,229 | \$ 131,045 |
| Realized loss on investments | \$ (85,549) | \$ (257,898) | \$ 23,020 | \$ 77,950 |
| Gain on disposal of property, plant & equipment | \$ 70,390 | \$ 450,255 | \$ 168,128 | \$ (100,749) |
| Interest income | \$ 168,216 | \$ 179,049 | \$ 186,324 | \$ 153,728 |
| Equity in profits of Partners in Wellness | \$ (150,000) | \$ 101,305 | \$ 28,599 | \$ 68,324 |
| Total nonoperating expense/loss, net | \$ (1,281,016) | \$ 373,352 | \$ (42,928) | \$ (365,357) |
| Total Expenses | \$ 66,482,219 | \$ 68,095,790 | \$ 74,469,323 | \$ 74,290,776 |
| Change in Net Assets | \$ 1,511,474 | \$ (216,187) | \$ 3,671,194 | \$ 1,083,267 |
| Net Assets, beginning of year | \$ 14,187,921 | \$ 15,699,395 | \$ 15,483,208 | \$ 19,154,402 |
| Net Assets, end of year | \$ 15,699,395 | \$ 15,483,208 | \$ 19,154,402 | \$ 20,237,669 |

The Counseling Center Inc.

Clinical Narrative

IT Narrative

Enterprise Narrative



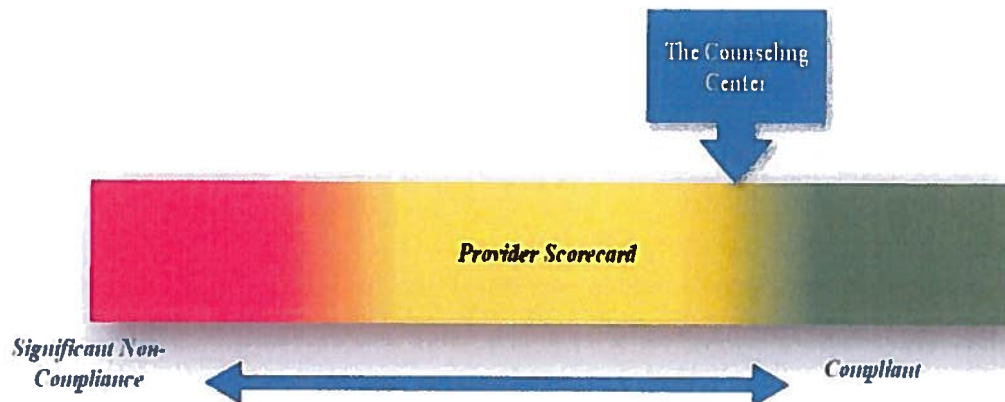
THE COUNSELING CENTER BEHAVIORAL HEALTH PROVIDER AUDIT

Case File Audit

| | |
|--|-------------------------------------|
| Dates of Onsite Review | March 6 – 11, 2013 |
| Main Point of Contact at Facility | Jim Kerlin, Chief Executive Officer |
| Extrapolated Date of Service Overpayments | \$612,663 |
| Actual Longitudinal Overpayments | \$43,137 |
| Total Overpayments | \$655,800 |

Scorecard results are as follows:

| Random Sample Compliance Rate | Longitudinal Compliance Rate |
|-------------------------------|------------------------------|
| 83% | 80% |



This scorecard result translates to the following Risk Tier:

| | |
|---|---|
| <p>2 Significant volume of findings that include missing documents</p> | <ul style="list-style-type: none"> • Provide trainings and clinical assistance as needed. • Potentially embed clinical management to improve processes. |
|---|---|



Provider Overview

| Payer | \$ Claims Paid FY12 | \$ Claims Paid Audit Period |
|--------------------|---------------------|-----------------------------|
| BHSD | 940,241 | 3,054,500 |
| CYFD | 47,531 | 127,226 |
| Medicaid FFS | 54,894 | 200,934 |
| Medicaid MCO | 846,114 | 2,934,261 |
| NMCD | 18,274 | 108,625 |
| Other | 3,365 | 115,508 |
| Grand Total | 1,910,419 | 6,541,053 |

Audit Team Observations

- Chief Executive Officer Jim Kerlin met the team at the site and an entrance conference was immediately held. Chief Operating Officer Sandra Wilder was also present at the entrance conference and was designated as the team's primary point of contact for data collection.
- Personnel files and supervision logs were produced in paper format within hours of the team's arrival onsite. The HR director explained the format of the personnel files and the PCG team manually pulled and scanned the necessary documentation.
- Clinical records were extracted from Anasazi, the organization's EHR system. Due to challenges with electronic transfer of the files, copies of the necessary documents were printed from the system and provided to the audit team in paper format for scanning and uploading. The audit team was not involved with the extraction of files from electronic systems.
- Counseling Center staff started extracting clinical files on the first day of the audit. They continued to extract files during the weekend, when the audit team was offsite, so that almost all of the files had been provided in paper format by the time of the team's return to the site on Monday.

- An exit conference was held with CEO Jim Kerlin on March 13. PCG reiterated that the onsite presence was for information gathering so no findings would be provided.
- Clinical Reviewers noted the following general findings:
 - Comprehensive Clinical Assessments were not always provided to determine/support medical necessity for the billed service.
 - Treatment plans were missing, not up to date, and/or not individualized per consumer.
 - Progress Notes/Recipient Documents were missing, incomplete, and insufficient of necessary information.

Random Date of Service Claim Review

PCG reviewed one hundred and fifty (150) random date of service claims for July 1, 2009 through January 31, 2013. Below is a table showing the relevant programs that were included in PCG's random audit sample and the resulting findings:

| Procedure Code | Program Description | # of Claims Reviewed | \$ Value Claims Reviewed | # Claims Failed | \$ Value Claims Failed | % Claims Failed |
|----------------|------------------------------|----------------------|--------------------------|-----------------|------------------------|-----------------|
| 90804 | Outpatient—20-30 minutes | 7 | 307 | 0 | 0 | 0.0% |
| 90806 | Outpatient—45-50 minutes | 22 | 1,450 | 0 | 0 | 0.0% |
| 90847 | Family Therapy | 5 | 393 | 0 | 0 | 0.0% |
| 90853 | Group Therapy | 14 | 424 | 0 | 0 | 0.0% |
| 90862 | Medication Management | 7 | 508 | 0 | 0 | 0.0% |
| H0002 | Behavioral Health Screening | 5 | 248 | 1 | 40 | 20.0% |
| H0015 | Intensive Outpatient Program | 5 | 661 | 0 | 0 | 0.0% |
| H0031 | Mental Health Assessment | 6 | 1,627 | 0 | 0 | 0.0% |
| H2010 | RN Medication Monitoring | 14 | 1,033 | 0 | 0 | 0.0% |
| H2011 | Crisis Intervention Services | 5 | 403 | 0 | 0 | 0.0% |
| H2015 | HO, HN, HM—CCSS | 40 | 2,626 | 17 | 803 | 42.5% |



| | | | | | | |
|-------------|---|-----|--------|----|-------|-------|
| H2017 | Psychosocial Rehabilitation | 13 | 1,813 | 6 | 803 | 46.2% |
| T1007 | Behavioral Health Treatment Plan Update | 7 | 792 | 2 | 228 | 28.6% |
| Grand Total | | 150 | 12,284 | 26 | 1,873 | 17.3% |

Specific Random Sample Review Findings

For each program reviewed, PCG identified the level of compliance and any specific areas of concern. Below is a table showing each of the non-compliant claims PCG validated, the reason(s) why the claim was found to be out of compliance, and the area(s) of concern PCG identified:



| Proc Code | Recipient DOS | Assessment / Screening | Treatment Plan | Service Delivery | Psych / Progress Notes | Billing | Staffing | Consent Forms | Pharma | Other | Comments |
|-----------|------------------|------------------------|----------------|------------------|------------------------|---------|----------|---------------|--------|-------|---|
| 90862 | GA 09/28/2012 | Pass | Pass | Pass | Fail | Pass | Pass | Fail | NA | NA | No documentation of client's progress or lack of. No documentation of Informed consent for medication. |
| H0002 | LA 01/17/2012 | Fail | NA | NA | NA | NA | Pass | NA | NA | NA | No documentation of family or collateral involvement. |
| H2010 | DE 06/02/2010 | Pass | Pass | Pass | Pass | Pass | Pass | Fail | NA | NA | No documentation of Informed Consent for Medication. |
| H2015 | HS 05/06/2011 | Pass | Pass | Fail | Fail | NA | Pass | NA | NA | NA | Client called CSW about medication refills. No documentation of client's risk assessment. |
| H2015 | JA 09/27/2011 | Pass | Pass | Pass | Fail | NA | Fail | NA | NA | NA | |
| H2015 | KS 09/07/2012 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Client called staff on re-scheduling appointments. |
| H2015 | LD 03/23/2011 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Contact made via phone. |
| H2015 | LI 12/08/2010 | Fail | Fail | Fail | Fail | NA | Fail | NA | NA | NA | No documentation of Assessment or Treatment Plan in this file. Billed Code is for CCSS but service was Crisis Intervention. Billed Code is for CCSS but service was Crisis Intervention. Staff is not on provider's list. |
| H2015 | LN 08/18/2009 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Met with CSW at office. |
| H2015 | LS 03/31/2011 | Pass | Pass | Pass | Pass | NA | Fail | NA | NA | NA | Staff is not listed and unknown as to her qualifications. |
| H2015 | MG 08/16/2012 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | CSW met with client at center. |
| H2015 | PK 02/10/2010 | Pass | Pass | Fail | Pass | NA | Fail | NA | NA | NA | Client met with CSW at the center. Unknown history of CSW, not on list. Unknown history of CSW, not on list. |
| H2015 | PR 12/01/2009 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Treatment Plan Update meeting held at CSW office. |



| H2015 | PS 03/11/2010 | Pass | Pass | Pass | Fail | NA | Pass | NA | NA | NA | 6 units billed inappropriately as the progress note documents 3 units but same note entered two times and billed twice. |
|-----------|------------------|------------------------|----------------|------------------|------------------------|---------|----------|---------------|--------|-------|--|
| H2015 | PS 03/30/2010 | Pass | Pass | Pass | Fail | NA | Pass | NA | NA | NA | Two progress notes, same day, one at 2:30-3:00pm and another at 6:00-6:30pm but both notes typed at 4:37pm same day as the notes. Notes are almost duplicate in wording. |
| H2015 | RM 07/20/2011 | Pass | Pass | Pass | Fail | NA | Pass | NA | NA | NA | Progress note documents case closure due to no contact/loss of contact with client. |
| H2015 | SC 02/24/2012 | Pass | Pass | Fail | Fail | NA | Pass | NA | NA | NA | CSW called collateral contacts regarding client. No documentation of client's safety. |
| H2015 | VF 03/01/2012 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Telephone contact to remind client of appointment. |
| H2015 | VR 06/14/2010 | Pass | Pass | Fail | Pass | NA | Pass | NA | NA | NA | Client met with CSW at the office as a scheduled appointment. |
| H2017 | DE 09/09/2009 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Staff does not meet the required trainings. |
| Proc Code | Recipient DOS | Assessment / Screening | Treatment Plan | Service Delivery | Psych / Progress Notes | Billing | Staffing | Consent Forms | Pharma | Other | Comments |
| H2017 | HC 10/29/2010 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Staff is listed as not qualified. |
| H2017 | LL 09/10/2009 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Staff is not qualified /has not met required trainings. |
| H2017 | LS 10/22/2010 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Staff is listed as not qualified. |
| H2017 | MA 06/20/2012 | Pass | Pass | Pass | Pass | Fail | Pass | NA | NA | NA | Staff not qualified or did not meet training requirements. |
| T1007 | CM 08/25/2010 | NA | Fail | NA | NA | NA | Pass | NA | NA | NA | Inappropriate billing for case closure due to lost contact with client. Inappropriate billing for case closure due to lost contact with client. Inappropriate billing for case closure due to lost contact with client. Case was closed. Inappropriate billing for case closure due to lost contact with client. |



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| | | | | | | | | | | | |
|-------|------------------|----|------|----|----|----|------|----|----|----|--|
| T1007 | NR 03/28/2012 | NA | Fail | NA | NA | NA | Pass | NA | NA | NA | |
|-------|------------------|----|------|----|----|----|------|----|----|----|--|

Sampling Definition: Sampling is a statistical technique designed to produce a subset of elements drawn from a population, which represents the characteristics of that population. The goal of sampling is to determine the qualities of the population without examining all the elements in that population. Random selection of claims is necessary in order to produce a valid sample. In a random sample, claims are selected from a population in such a way that the sample is unbiased and closely reflects the characteristics of the population.

Sampling Frame Size: Total number of claims from universe of claims from which the sample was selected.

Sampling Unit: The entire claim amount.

Time Period: 7/1/2009 – 1/31/2013

Sample Size: Sample size is 150 claims.

Extrapolation: The overpayment was identified using the lower bound of the 90% confidence interval.

| Southern New Mexico Human Development | |
|---|-----------|
| Sample Size | 150 |
| Total Paid for Sample | \$12,284 |
| Sampling Frame Size | 78,965 |
| Number of Sample Claims with Overpayments | 26 |
| Tentative Overpayment Using Lower Bound of the 90% Confidence Interval | \$612,663 |

Longitudinal File Review

PCG selected between one and five of high risk procedure codes at each reviewed provider and then selected the five recipients who accounted for the highest dollar billing associated with each selected procedure code. PCG then performed an administrative and clinical review of 100 percent of the claims associated with each selected procedure code and recipient which were paid



during calendar year 2012. Below is a table showing the relevant programs that were included in PCG's longitudinal file review and the resulting findings:

| Proc Code | Program Description | # of Cases Reviewed | # Claims Reviewed | \$ Claims Reviewed | # Claims Failed | \$ Value Claims Failed | % Claims Failed |
|--------------------|-----------------------------|---------------------|-------------------|--------------------|-----------------|------------------------|-----------------|
| H2015 | HO, HN, HM—CCSS | 5 | 520 | 30,693 | 71 | 4,315 | 13.7% |
| H2017 | Psychosocial Rehabilitation | 5 | 1,009 | 163,178 | 234 | 38,821 | 23.2% |
| Grand Total | | 10 | 1,529 | 193,871 | 305 | 43,137 | 20.0% |

Provider Credential Review

For all random date of service claims and longitudinal files reviewed, PCG requested provider credential information for each of the clinicians or other staff that had rendered the service. The table below shows the number of staff reviewed by provider type:

| Provider Type | # Reviewed |
|-----------------------------|------------|
| Community Support Worker | 14 |
| Therapist | 17 |
| Nurse | 3 |
| Psychiatrist | 1 |
| Psychosocial Rehabilitation | 4 |
| Unknown/Other | 2 |
| Total Staff Reviewed | 41 |



IT/Billing Systems Audit

System Overview

The Counseling Center utilizes the Anasazi System for most of its medical records and billing. The system is used by all of the Rio Grande Network, and while each installation is administered by the individual agency, the differences are really superficial, such as:

- The way menus are customized to be displayed per the user roles,
- How user roles are defined,
- The customization and scheduling of reports and
- When certain system enhancements are implemented in each agency.

Individual agencies can decide what system upgrades are implemented and in what order. Most agencies in the Rio Grande system stay one to three updates behind the most recent. Each site generally deploys the updates to development installations to test and verify the updates before they are deployed into production.

The software is installed on the TCC Microsoft Window Network and is primarily accessed through the Citrix system, which allows all administrative and clinical staff to access the system from any computer.

Anasazi would not allow TCC (nor any provider) to disclose any training or systems documentation to our auditors, claiming it was proprietary.

Bill Processing

On a simple level, after services are provided to the client, the clinician updates the file with notes and the time and date of encounter. The Anasazi software processes this information and calculates the number of units that the service should be billed for, and what HCPCS/CPT code should be assigned to the service, using the service provided and start and stop times of the service.

The service is processed by the Anasazi system and transformed into an 837 billing format, which is uploaded to Optum health through the Optum Netwerkes system.

PCG auditors discussed IT with staff on March 5 & 6, 2013 and continued to receive information from TCC staff through March 13.

IT Contacts

- Sandra Wilder, COO, Clinical Director
- David Souder, IT Specialist
- Crystal Sampson, Billing Consultant
- Chris Moffat, IT Director, Rio Grande Behavioral Health Services, Inc.

Application Controls - System Walkthrough

Administration and Segregation of Duties

There are two systems that TCC users access: the Microsoft Windows Network and the Anasazi System. The Anasazi system is accessible both through the Windows network and through any computer that is connected to the internet. For that reason, PCG will only discuss Anasazi access in this report; the Windows network users are held in audit documentation collected by PCG for any required future reference.

User Roles

System Admin Group: Can add users and configure data sheets for health plans and services.

1. Chrystal Sampson, Rio Grande Behavioral Services
2. Cheryl Otero-Baker, Administrative Office Manager
3. Chris Moffat, Rio Grande Behavioral Services
4. Jaime Alvarez, Southwest Counseling

Administrative Group: Can configure data sheets for health plans and services.

1. David Souder
2. Bethany Akeroyd
3. Ashley Whitley

Medical Records and Intake Groups: Records Clerks and Intake Staff have appropriate administrative levels of access to records; primarily administrative and demographic records and read only for clinical information.

Clinical Group: All clinicians who bill are in the Clinical Group. They can enter clinical service provision to the system.

COI Group: QI Manager is in this group.

Clinical Supervisors Group: Clinical Supervisors.



Rio Grande Supervisors Group:

Supervisory staff from Rio Grande Behavioral Health Services are provided with supervisory roles due to the management services agreement with TCC.

1. Cooper, Tammy
2. Lara, Maria
3. Sandoval, Dexter

Auditors Group: No staff at TCC currently have the Auditor Role, but TCC has established four Auditor accounts should auditors need access.

IT Strengths and Weaknesses

Strengths

- TCC's billing applications are available from any computer connected to the internet via Citrix, which make for ease of use from any computer and maintains a uniformly enforced security policy.
- Users do not share login accounts.
- The Anasazi software offers sequestration of clinical information so that users' roles determine the kind of information each user may have access to on a *per client* basis. For example, a front office clerk may have access to certain demographic information, but
- Each clinician enters his own billing information.
- Each clinician does not know what CPT/HCPCS codes are used for billing the service provided.
- Anasazi software calculates units billed based on start and end times recorded by the clinician.
- Anasazi software allows for members of a group therapy session to arrive and leave at different times, allowing for more accurate tracking group services, and therefore billing.

Weaknesses

- The point of entry to the claims payment system provides the ability to change any billing from what the clinician entered. The 837 can be changed when connected to Optum Netwerkes. The person uploading the 837 can make any changes to billing with no audit trail.
- Training is done mostly on an *ad hoc* basis.



Recommendations

- Create audit trail for any changes made to 837 files when they are uploaded to the clearinghouse.
- Develop formalized training system for all users who create charge entry and billing.



Enterprise Audit

Provider Specific Methodology

PCG utilized a consistent, systematic approach to conducting the enterprise audit of The Counseling Center. PCG began by locating The Counseling Center's legal entity, its officers, and organizers. PCG also reviewed initial founding and leadership information on The Counseling Center.

PCG located and reviewed The Counseling Center's audited financial statements and tax data. PCG recorded and reviewed recent officers, key employees, and independent contractors. PCG also searched for other entities owned by key employees and contractors. PCG located related parties and analyzed both the parties and the relationships, reviewing for potential conflicts of interest.

PCG assembled the financial data and analyzed it, looking at key ratios, trends, and tracking variances. PCG tracked the organization's addresses and reviewed ownership of property online or through the county assessor's office. Finally, PCG performed media and court record searches on the organization or related individuals.

Audit Observations

The Counseling Center provides mental health services to Otero and Lincoln Counties. The organization also provides clinical experience for students in New Mexico State University's Alamogordo nursing program.

Key Staff

| First Name | Last Name | Position |
|------------|------------|-----------|
| Fred | Baker | President |
| Lulu | Valdez | VP |
| Noel | Brewer | Secretary |
| Donna | Dulmaine | Member |
| Ferial | Abood | Member |
| James R. | Kerlin, Jr | CEO |
| Sandra | Wilder | COO |

Financial Relationships

The Counseling Center contracts with Rio Grande Behavioral Health Services, Inc. (RGBHS) for the provision of accounting, billing, and human resources functions. The organization paid RGBHS \$168,000 for these services in 2010¹. Rio Grande is a provider sponsored network and each organization's board members serve as rotating members of the RGBHS board. While RGBHS receives monthly fees from its members, it has also distributed various grants back to its members.

In addition, The Counseling Center contracts with Rio Grande Management, LLC (RGM) paying \$139,000 for management services (2010). These include legal services and the provision of executive management. Providence Service Corporation fully owns RGM. Providence is a large, for-profit national corporation providing government sponsored social services directly or indirectly through managed local entities. Providence's network originated in Arizona and has developed a network of providers serving 70,000 clients in the US and Canada. The Executive Director of this organization is an employee of Providence Service Corporation.

In 2011, Executive Director, James Kerlin was paid \$168,000 from this related organization.

Summary of Findings and Recommendations

| Findings | Recommendations |
|---|---|
| In disclaimers, Rio Grande/Providence member organizations state that management staff may have other responsibilities to Providence. These arrangements make it unclear if the executives charged by Providence are part or full time for this organization. Moreover, without full disclosure, it is difficult to determine if the salaries or fees are reasonable. On the surface, | Full disclosure of executive effort, compensation and benefits should be revealed for this organization and for its services to Providence Service Corporation. |

¹ Most recent year for which representative payments for both behavioral health and management services were reported.



the arrangements and amounts paid appear reasonable, but this weak and abnormal public disclosure may have the effect of masking excessive compensation or benefits. In addition, these arrangements circumvent federal disclosure requirements for charities filing Form 990 and make it difficult for the public to benchmark charitable organizations.

List of Key Documentation Reviewed

| Document/Source | Year (if applicable) |
|-------------------------------------|----------------------|
| Audited Financial Statements | 2012, 2011, 2010 |
| Form 990 (Nonprofit filing) | 2011, 2010, 2009 |
| Contracts | |
| Organizational Charts | |

| Balance Sheet | 2009 | 2010 | 2011 |
|--|-----------------------|-----------------------|-----------------------|
| Assets | | | |
| Cash & cash equivalents | \$ 687,129.00 | \$ 234,513.00 | \$ 221,188.00 |
| Accounts receivable, less allowance for doubtful accts of \$20k (2009); \$10k (2010); \$10k (2012) | \$ 292,399.00 | \$ 198,407.00 | \$ 195,602.00 |
| Employee receivable | \$ - | \$ - | \$ 900.00 |
| Prepaid expenses | \$ 12,467.00 | \$ 10,696.00 | \$ 12,310.00 |
| Land | \$ 100,000.00 | \$ 100,000.00 | \$ 100,000.00 |
| Building & improvements | \$ 1,041,730.00 | \$ 1,041,730.00 | \$ 1,041,730.00 |
| Computer equipment | \$ 72,795.00 | \$ 72,795.00 | \$ 72,795.00 |
| Office equipment | \$ 181,628.00 | \$ 181,628.00 | \$ 181,628.00 |
| Vehicles | \$ 75,699.00 | \$ 56,451.00 | \$ 56,451.00 |
| Less accumulated depreciation | \$ (617,624.00) | \$ (636,174.00) | \$ (668,890.00) |
| Total Assets | \$1,846,223.00 | \$1,260,046.00 | \$1,213,714.00 |
| Liabilities | | | |
| Accounts Payable | \$ 516,531.00 | \$ 51,666.00 | \$ 55,228.00 |
| Accrued expenses | \$ 63,149.00 | \$ 31,866.00 | \$ 32,142.00 |



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| | | | |
|---|-----------------------|-----------------------|-----------------------|
| Deferred revenues | \$ 2,043.00 | \$ - | \$ - |
| Note payable-current portion | \$ 46,201.00 | \$ 27,235.00 | \$ 22,173.00 |
| Notes payable, net of current | \$ 556,158.00 | \$ 534,923.00 | \$ 512,420.00 |
| Total Liabilities | \$1,184,082.00 | \$ 645,690.00 | \$ 621,963.00 |
| <hr/> | | | |
| Net Assets | \$ 662,141.00 | \$ 614,356.00 | \$ 591,751.00 |
| Total Liabilities and Net Assets | \$1,846,223.00 | \$1,260,046.00 | \$1,213,714.00 |



| Income Statement | 2009 | 2010 | 2011 |
|--------------------------------------|-----------------------|-----------------------|------------------------|
| Revenue | | | |
| Grants/contracts | \$ 1,670,949.00 | \$ 1,381,913.00 | \$ 2,280,139.00 |
| Contributions & fees | \$ 1,079,970.00 | \$ 1,063,861.00 | \$ 131,940.00 |
| Interest income | \$ 2,704.00 | \$ 7,511.00 | \$ 551.00 |
| Miscellaneous income | \$ 16,350.00 | \$ 30,008.00 | \$ 7,342.00 |
| Total Revenues and Support | \$2,769,973.00 | \$2,483,293.00 | \$ 2,419,972.00 |
| Expenses | | | |
| Program expenses | \$ 2,477,556.00 | \$ 2,278,595.00 | \$ 2,199,805.00 |
| Admin expenses | \$ 255,044.00 | \$ 235,344.00 | \$ 226,008.00 |
| Fundraising | \$ 18,393.00 | \$ 17,139.00 | \$ 16,765.00 |
| Total Expenses | \$2,750,993.00 | \$2,531,078.00 | \$ 2,442,578.00 |
| Change in Net Assets | \$ 18,980.00 | \$ (47,785.00) | \$ (22,605.00) |
| Net Assets, beginning of year | \$ 643,161.00 | \$ 662,141.00 | \$ 614,356.00 |
| Net Assets, end of year | \$ 662,141.00 | \$ 614,356.00 | \$ 591,751.00 |